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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001060

SIPDIS

STATE FOR SCA/CEN

E.O. 12958: DECL: 08/21/2019

TAGS: PREL PAID ECIN ELTN EWWT JA TX

SUBJECT: TURKMENISTAN: JAPANESE DEVELOPMENT AGENCY HAS GRAND PLANS

REF: ASHGABAT 0428

Classified By: DCM Sylvia Reed Curran, Reasons 1.4 (B) and (D).

¶1. (C) SUMMARY: This week, officials from Japan's development agency made a trip to Turkmenistan for the first time in 10 years to discuss broadening cooperation. Their talks focused on a plan to modernize the port at Turkmenbashy, which would then become a point on the east-west transit corridor that Japan hopes to develop across Eurasia. This plan for creating a modern day Silk Road through Central Asia is contingent upon Turkmenistan continuing to open up to foreign business and development assistance. The JICA project could also lend valuable support to Japanese companies seeking business deals in Turkmenistan. END SUMMARY.

¶2. (SBU) A delegation of the Japanese International Cooperation Agency (JICA), led by the head of its Central Asia and Caucasus department Keniti Yamamoto, visited Turkmenistan August 17-18 to explore the possibility of modernizing the port at Turkmenbashy. The delegation also met with officials from the Turkmenistan Ministry of Foreign Affairs, Ministry of Economy and Development, Ministry of Finance, and other scientific agencies. This was the first time in 10 years that JICA officials had traveled to Turkmenistan.

¶3. (SBU) JICA's proposal for Turkmenbashy is part of a project to develop east-west transit from the Black Sea to China. Japanese Prime Minister Aso in June announced a new Eurasian Crossroads initiative, a modern-day version of the Silk Road in which north-south and east-west roads and railways come together in Central Asia to unite the Eurasian continent. JICA already has projects to modernize ports in Romania and Bulgaria, and to build a stretch of highway through Georgia. Upon completion of those projects, goods could be transited easily from Europe, across the Black Sea, across the Caucasus, and over to the Caspian Sea.

¶4. (SBU) JICA's plan for Turkmenbashy, as they discussed with the Administration of the Turkmen Sea and River Ways Agency, consists of three projects that would completed by 2020. The first project would improve the shipping of passengers and

freight, the second would build a repair facility, and the third would widen the shipping channel to allow two-way traffic. JICA will send specialists to do further research on the feasibility of this plan in the late fall, and if all goes well, they would sign an agreement with the Turkmen government afterwards.

¶15. (C) Tetsuro Chida, the Japanese Embassy's Special Advisor to the Charge d'Affaires, told Poloff that JICA would consider further projects for improving transit within Turkmenistan, and for training customs officials and border security, once the project at Turkmenbashy was underway. This is JICA's first foray into Turkmenistan since being told by former President Niyazov that their assistance was not needed, although Japan does contribute money to IMF, Asian Development Bank, OSCE and other projects and has been sending more than 20 Turkmen annually to Japan for training.

¶16. (C) COMMENT: Japan appears to accept the Turkmen government's signals welcoming foreign business and investment at face value. It might be part of Japan's strategy that JICA's activity here could improve the prospects for Japanese companies to crack the Turkmen market.

The Turkmen are partial to business deals that include commitments to build unrelated infrastructure. JICA's Turkmenbashy project would be a nice "Japanese" deliverable that would not burden Japanese companies with implementation.

Additionally, the project at Turkmenbashy dovetails nicely with Japan's goal of broadening its cooperation with Central Asia, the Caucasus and Afghanistan, and complements the Turkmenbashy authorities' priorities to modernize the port

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(reftel). END COMMENT.
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